



OTTER CREEK
ENGINEERING, INC.

October 26, 2005

Mr. Mike Johanns
Secretary of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250-3355

Subject: Farm Bill - Listening Forum Testimony
Burlington, Vermont, October 26, 2005

Dear Secretary Johanns:

Thank you for the opportunity to share my thoughts and opinions regarding Question No. 5, "How can Federal rural and farm programs provide effective assistance in rural areas?"

My comments are framed from my role as a consulting civil engineer, assisting rural Vermont communities with water supply improvements for over 25 years. Over this period of time, the Farmers Home Administration, now Rural Development has assisted the majority of my clients with financing necessary projects to protect health, property, compliance with the Safe Drinking Water Act and preserve the integrity of village and town centers.

Many Vermont communities have public water systems dating to the early 1900's, requiring significant improvements. Many of these rural communities have very low median household incomes. The financial burden of major infrastructure improvements for such communities can be impossible.

For decades, USDA has provided water system grant and loan funding to such communities. Rural Development is the only primary agency providing necessary grant funding to reduce the local burden to an affordable level.

Last year, Vermont received a grant allocation of only \$2.74 million from Rural Development. Federal belt tightening could severely limit Rural Development as a funding source for these critical public health projects. Rural Development loans, at over 4 percent interest, are not an economic substitute for grant funds.

To leave you with a specific example, the Village of Newbury, with a population of only 396, and a median household income of only \$27,115, needs to construct \$3.5 million in water system improvements. The Village seasonally relies on an open reservoir, fed by a beaver pond, to meet its water demands. The Village's ninety year old distribution system cannot provide positive water pressures during high water demands. Leakage in the system accounts for 50 percent of the water demand.

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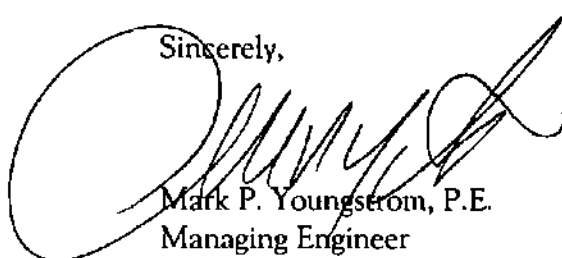
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The Village is eligible for 75 percent grant funding, which, if granted, would result in a high, but acceptable water rate of over \$400 per year per family. However, with less grant funding, this necessary and very basic project becomes unaffordable and the Village subject to enforcement due to non-compliance with Federal and State requirements.

On behalf of the Village of Newbury, and many other rural Vermont communities which are relying on Rural Development funding, we ask that grant allocations be increased to small rural states, such as Vermont, and that the loan interest rate be reduced. There are few things more important to a community than safe drinking water.

Thank you for your time and consideration.

Sincerely,



Mark P. Youngstrom, P.E.
Managing Engineer